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SUBJECT: Xiamen Government Suspends Chemical Project After Public Outcry

(U) This document is sensitive but unclassified. Please protect accordingly.

11. (U) SUMMARY: The Xiamen government suspended, but did not cancel, plans for the construction of a large chemical plant near the city center after residents planned a large protest and the story was covered by the mainland and Hong Kong media. The Taiwan-invested paraxylene plant, which the Xiamen government had been actively pushing, would have almost doubled the city's GDP and increased its tax base significantly and was supported by the city's party chief. Citizens opposed to the project, led by a Xiamen University professor, claimed city leaders approved the deal for political reasons without considering environmental risks. This is yet another example - though on a different matter - of increased activism among residents in South China and of their ability to get authorities to reconsider programs and projects. END SUMMARY.

#### A Large Investment and Government Support

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12. (U) Investors in the chemical plant worth RMB 10.8 billion (USD 1.4 billion) had already received municipal and central approval and were planning to begin construction soon in a location seven kilometers from Xiamen's city center, according to media reports. The plant would have produced 800,000 tons of paraxylene (PX) annually upon completion in December 2008 and would bring RMB 80 billion (USD 10.4 billion) in annual GDP to Xiamen - almost doubling its current GDP. According to Hong Kong and mainland media, Xiamen Party Secretary He Lifeng has been a strong supporter of the project. The lead investor in the project is Taiwan businessman Chen Yu-hao, whose company Tenglong already owns an adjacent chemical factory. Chen is reportedly wanted by Taiwan authorities for embezzlement.

#### Opposition to the Plant's Location

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13. (U) The PX factory was planned for a location 1.5 kilometers from the nearest residential area and seven kilometers from the city center. According to press reports, PX plants in China are on average 20 kilometers from residential areas (which is closer than many other countries allow). PX, which is widely used in plastics and paints, is carcinogenic and symptoms of exposure include breathing problems and liver and kidney damage. Opposition to the project has been led by Zhao Yufen, a Xiamen University chemistry professor and academician with the China Academy of Sciences (CAS). In March this year, Zhao submitted a petition with 104 other

signatories (including five other CAS academics) to the national-level People's Political Consultative Conference requesting the project be relocated at least 100 kilometers from the nearest urban area. The petition did not, at the time, result in any government action.

#### Planned Protest Leads to Suspension

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¶4. (U) After Xiamen residents planned a public demonstration in front of city offices and the story was picked up by mainland and Hong Kong media, the Xiamen government decided to suspend the project. A text message that reportedly circulated among more than one million Xiamen residents in recent days warned of the dangers posed by the project, compared the plant to "an atomic bomb in Xiamen," and urged residents to "take action for our own survival!" Up to one million people reportedly received the message. The story and planned protest was reported by numerous media outlets on May ¶30. At a press conference on the morning of May 30, Xiamen Vice Mayor Ding Guoyan announced that the government had suspended the project and would request an additional environmental assessment.

¶5. (SBU) In a follow-up call to the Xiamen Foreign Affairs Office, an official told us they had no further information on the case. Two contacts in Xiamen, one a lawyer and the other a manager with Dell, said they had received the text message and supported the effort to stop the plant's construction. They both expressed skepticism that the project had been dropped, however, and said officials may push it through after the media attention dies down.

#### Comment

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¶6. (SBU) This case highlights the growing public awareness of

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environmental issues in China and the willingness of citizens to voice their complaints. In this case, the threat of public protests, and the resulting media attention, proved more effective than a petition to the central government. Though the future of the project is unclear, it appears that the Xiamen government - which prides itself on its environmental activism - is sensitive to the charge that it has ignored environmental protection for the sake of economic growth.

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